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**THE IDEA VILLAGE, INC.  
FINANCIAL STATEMENTS  
DECEMBER 31, 2006**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 5-16-07

**THE IDEA VILLAGE, INC.**

**DECEMBER 31, 2006**

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**WINSTON & POOLE**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
**(A PROFESSIONAL CORPORATION)**

Board of Directors  
The Idea Village, Inc.  
New Orleans, Louisiana

We have compiled the accompanying statement of financial position of The Idea Village, Inc. (a nonprofit corporation) as of December 31, 2006, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

***Winston & Poole, CPA's (PC)***

Metairie, Louisiana  
March 17, 2007

**THE IDEA VILLAGE, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2006**

**ASSETS**

Cash and cash equivalents	\$ 430,052
Pledges receivable	402,000
Fixed assets	2,175
Deposits	<u>2,500</u>
	<u>\$ 836,727</u>

**LIABILITIES AND NET ASSETS**

<b>Liabilities</b>	
Accounts payable	\$ 4,996
Notes payable to bank	<u>40,000</u>
	<u>44,996</u>
 <b>Net Assets</b>	
Unrestricted	175,731
Temporarily restricted	<u>616,000</u>
	<u>791,731</u>
	 <u>\$ 836,727</u>

See Notes to the Financial Statements

**THE IDEA VILLAGE, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2006**

	Unrestricted	Temporarily Restricted	Total
<b><u>REVENUES AND SUPPORT</u></b>			
Contributions	\$ 383,687	\$ 823,000	\$ 1,206,687
Net assets released from restrictions	<u>405,159</u>	<u>(405,159)</u>	<u>0</u>
	<u>788,846</u>	<u>417,841</u>	<u>1,206,687</u>
<b><u>EXPENSES AND LOSS</u></b>			
Program activities	318,459		318,459
General and administrative	134,270		134,270
Fundraising	77,464		77,464
Bad debt loss	<u>          </u>	<u>60,000</u>	<u>60,000</u>
	<u>530,193</u>	<u>60,000</u>	<u>590,193</u>
<b>INCREASE IN NET ASSETS</b>	258,653	357,841	616,494
<b>NET ASSETS (DEFICIT) - Beginning of year</b>	<u>(82,922)</u>	<u>258,159</u>	<u>175,237</u>
<b>NET ASSETS - End of year</b>	<u><u>\$ 175,731</u></u>	<u><u>\$ 616,000</u></u>	<u><u>\$ 791,731</u></u>

See Notes to the Financial Statements

**THE IDEA VILLAGE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2006**

	Programs	Support Services Management & General	Fundraising	Total
Bank service charges	\$ 897	\$ 777	\$ 449	\$ 2,123
Depreciation	882	764	441	2,087
Dues and subscriptions	51	44	25	120
Grants awarded	121,974			121,974
Insurance	698	605	348	1,651
Interest expense	2,382	2,065	1,191	5,638
Maintenance - office	95	82	48	225
Marketing	2,351			2,351
Miscellaneous	174	151	87	412
Office	555	481	277	1,313
Parking and tolls	160	139	80	379
Postage and delivery	52	45	26	123
Professional fees-accountants	2,112	1,831	1,056	4,999
Professional fees-consultants	24,620			24,620
Professional fees-interns	7,590			7,590
Professional fees-other	773	670	386	1,829
Rent	15,211	13,183	7,606	36,000
Research & development	7,000			7,000
Salaries	112,500	97,500	56,250	266,250
Payroll taxes and employee benefits	11,899	10,313	5,950	28,162
Taxes and licenses	321	279	161	761
Telephone	135	117	68	320
Travel & entertainment	3,308	2,867	1,655	7,830
Utilities	2,719	2,357	1,360	6,436
	<u>\$ 318,459</u>	<u>\$ 134,270</u>	<u>\$ 77,464</u>	<u>\$ 530,193</u>

See Notes to the Financial Statements

**THE IDEA VILLAGE, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2006**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Change in net assets	\$ 616,494
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	2,087
Decrease in discount on pledges receivable	(8,241)
Increase in pledges receivable	(135,600)
Decrease in accounts payable	(26,911)
Decrease in grants payable	(53,726)
Decrease in deferred compensation	<u>(20,833)</u>
Net cash provided by operations	<u>373,270</u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Property and equipment purchases	<u>(2,588)</u>
Net cash used by investing activities	<u>(2,588)</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS 370,682

CASH AND CASH EQUIVALENTS - Beginning of year 59,370

CASH AND CASH EQUIVALENTS - End of year \$ 430,052

**THE IDEA VILLAGE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2006**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

The Idea Village, Inc. (the "Village") is a not-for-profit organization established in 2002 to generate economic development in the New Orleans region by commercializing ideas and accelerating the growth of entrepreneurial companies. The Idea Village focuses primarily on early-stage companies, providing targeted services and access to third-party capital - including venture capitalists, corporate and individual investors. The Idea Village offers a broad network of professionals, mentors and investors. The Idea Village guides companies as to the most efficient and effective means of raising venture capital and accelerating success.

Due to the impact of Hurricane Katrina on the New Orleans area, the Village established a fund, the IV Business Relief Fund, to provide short-term financial assistance and/or professional consulting services to local entrepreneurs trying to reopen their businesses. Donors may designate that their contributions to the Village be used for this purpose. The Idea Village assesses, qualifies and performs general due diligence before awarding monetary grants and/or consulting services to applicant companies.

The Village is also developing a two year revitalization strategy to support entrepreneurs determined to rebuild their businesses in the New Orleans area. Its goal is to secure strong, sustainable commercial corridors that will serve as community "anchors," fueling private investment and giving residents a greater sense of confidence, ownership and participation in their neighborhoods.

**Basis of Accounting**

The financial statements of The Idea Village, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

**Basis of Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in SFAS No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.



**THE IDEA VILLAGE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2006**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Pledges and Grants**

The Village reports gifts of cash and other assets as restricted support if they are received with donor imposed restrictions or requirements that limit the use of the donation. A donor restriction ends when a time restriction is met or a purpose restriction is accomplished. As restrictions are met, assets are reclassified to unrestricted net assets and reported as net assets released from restriction in the Statement of Activities. The Village currently has no assets that would be required to be treated as permanently restricted.

Temporarily restricted net assets at December 31, 2006 consist of the present value of pledges to be received in future years and a contribution received in November 2006 from a donor that is designated for use with a project that will take place in 2007.

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Receivables from patrons are reported at the amount management expects to collect on balances outstanding at year-end. Management closely monitors outstanding balances.

Management has determined that one pledge made in a previous year will not be fulfilled, largely due to the impact of Hurricane Katrina on this donor. Management has charged \$60,000 to bad debt loss on the Statement of Activities and Changes in Net Assets to reflect the write off of this receivable and properly state pledges receivable.

**Fixed Assets and Depreciation**

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. The Village capitalizes all property and equipment with a cost of \$1,000 if purchased and a fair market value of \$1,000 at date of donation if received by contribution. Depreciation is computed over the estimated useful lives of the respective assets on the straight-line basis. The estimated useful life of the assets used for depreciation purposes is generally three years.

**Fundraising Expenses**

All expenses associated with fundraising activities are expensed as incurred, including those expenses related to fundraising appeals to be initiated in a subsequent year.

**THE IDEA VILLAGE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2006**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Income Tax Status**

The Village is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and, accordingly, no provision for income taxes has been reflected in the accompanying financial statements.

**Concentration of Contributions or Grants**

The Village receives significant support from donors who are members of its board of directors. The Village also receives significant support from the Louisiana Disaster Relief Fund.

The Village serves the greater New Orleans area. On August 29, 2005, Hurricane Katrina exacted significant damage on the infrastructure of the City of New Orleans. Both the board of directors and the managers of the Village are committed to working toward the organization's mission. Hurricane Katrina's long-term effect on the greater New Orleans area is unknown at this time.

**Donated Goods and Services**

Donated services are recognized as contributions in accordance with SFAS No. 16, *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Village.

The Village generally pays for services requiring specific expertise. After Hurricane Katrina, several vendors forgave outstanding invoices. Contributions reported on the Statement of Activities includes \$9,441 donated professional services.

**Functional Expense Allocation**

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of a time analysis determined by management. Such expenses include management and general expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the organization.

**Advertising**

The Village incurs advertising/marketing costs to promote its programs among the audiences it serves. The production costs of advertising are expensed the first time the advertising takes place. During 2006, the Village incurred marketing costs of \$2,351.

**THE IDEA VILLAGE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2006**

**2. PLEDGES RECEIVABLE**

Unconditional promises of donors to make contributions to the Village are included in the financial statements as pledges receivable and revenue of the temporarily restricted net assets class after discounting projected future cash flows to the present value using a discount rate of 3%. At December 31, 2006, all pledges receivable are expected to be collected in 2007. Accordingly, no discount has been recorded.

**3. FIXED ASSETS**

At December 31, 2006, fixed assets consist of the following:

Furniture and fixtures	\$ 976
Equipment	<u>24,066</u>
	25,042
Less accumulated depreciation	<u>(22,867)</u>
	<u><u>\$ 2,175</u></u>

**4. NOTES PAYABLE**

The Village has two \$20,000 lines of credit with First Bank & Trust. As of December 31, 2006, the Village had borrowed the full amount on both lines. The debt carries an interest rate of prime plus 3 percent (10.0% at December 31, 2006). Both lines of credit were paid off in February 2007.

**5. COMMITMENTS**

The Village leases office space under an operating lease that expired in December 2005. Total rental expense for this operating lease in 2006 was \$36,000. The Village is currently negotiating an extension of this lease.

**6. GRANTS AWARDED**

At December, 31, 2006, the IV Business Relief Fund had no undistributed funds, having already distributed grants of \$121,974 related to the current year and \$53,726 that had been payable at the end of the prior year.

**7. STATEMENT OF CASH FLOWS – SUPPLEMENTAL INFORMATION**

Cash paid for interest was \$5,638.